

**Before the
Federal Communications Commission
Washington, D.C. 20554**

In the Matter of)	
)	
Implementation of Section 6002(b) of)	
The Omnibus Budget Reconciliation)	WT Docket No. 05-71
Act of 1993)	
)	
Annual Report and Analysis of)	
Competitive Market Conditions With)	
Respect to Commercial Mobile Services)	

REPLY COMMENTS OF T-MOBILE USA, INC.

T-Mobile USA, Inc. (“T-Mobile”)¹ replies to comments filed on the Public Notice (“Notice”) seeking comment on the state of competition in the commercial mobile radio service (“CMRS”) industry, in order to “assist in determining whether or not there is effective competition in the CMRS market.”² The Commission will use the information it gathers in this proceeding to produce its tenth annual report on competitive market conditions in the CMRS marketplace (“Tenth CMRS Competition Report”).³

T-Mobile agrees with the comments of CTIA-The Wireless Association (“CTIA”) that the U.S. wireless industry continues to be highly competitive, providing consumers with the

¹ T-Mobile is one of the largest national wireless providers in the United States, with licenses covering 253 million people in 46 of the top 50 U.S. markets. T-Mobile currently serves 17.3 million customers. Via its HotSpot service, T-Mobile also provides Wi-Fi (802.11b) wireless broadband Internet access in more than 5,000 convenient public locations, such as Starbucks coffee houses, airports, and airline clubs, making it the largest carrier-owned Wi-Fi network in the world.

² See FCC Public Notice, *WTB Seeks Comment on CMRS Market Competition*, WT Docket No. 05-71, DA 05-487 (Feb. 24, 2005).

³ See 47 U.S.C. § 332(c)(1)(C) (directing the Commission to review and report on the competitiveness of the CMRS marketplace on an annual basis).

benefits of innovation, choice, and value.⁴ T-Mobile competes nationwide and regionally against numerous wireless providers, both larger and smaller than T-Mobile, and has found that the competitive nature of the wireless industry provides the strongest possible incentives to develop and offer innovative, cost-effective services to U.S. consumers.

I. THE RECORD SHOWS THAT THE CMRS MARKETPLACE IS COMPETITIVE.

A. T-Mobile Agrees With CTIA That Wireless Competition Is Intense Throughout The United States.

As CTIA explains, the marketplace performance of the wireless industry demonstrates its highly competitive nature. When measured by fundamental indicia of competition – investment, innovation, and the ability of customers to choose – the wireless industry is intensely competitive.⁵ No commenter argues otherwise, although, as discussed in Section II below, some rural carriers attack the wireless industry because of the very competition that it is creating in rural areas.

Competition among carriers spurs wireless capital expenditures, which cumulatively exceeded \$170 billion for the industry by the end of 2004.⁶ In just a six-month period of time in 2004, T-Mobile invested more than \$1.6 billion dollars in its network, expanding its capacity, improving call quality, and reducing the number of dropped calls.⁷

⁴ See Comments of CTIA at ii, 1-2. Unless otherwise specified, all comments filed in this proceeding on or about March 28, 2005, will hereinafter be short cited.

⁵ See CTIA Comments at 5, 6-9, 10-11, 18-20.

⁶ See *id.* at 5.

⁷ See T-Mobile Website, *Call Quality: J.D. Power and Associates 2004 Wireless Regional Call Quality Performance Study*, available at <http://www.t-mobile.com/company/2004awards/default.asp>.

To succeed in the competitive U.S. wireless marketplace, T-Mobile and other wireless providers are offering new, innovative products and services on an ongoing basis. T-Mobile has introduced new products and services to meet customers' needs while upgrading its ubiquitous GPRS/GSM network on an ongoing basis. In March, 2005, for example, T-Mobile announced deployment of the Blackberry 7290 Wireless Handheld, which includes quad-band support to allow customers to stay connected in more than 175 countries worldwide as well as Bluetooth short-range wireless data support.

T-Mobile continues to expand its Wi-Fi wireless broadband network, which already is the largest carrier-owned Wi-Fi network in the United States, with HotSpot wireless broadband access in more than 5,000 public locations. In 2004, T-Mobile announced that it will provide high speed Wi-Fi broadband Internet access at Hyatt hotels and resorts across the United States. T-Mobile also has unveiled innovative solutions like the Sony Ericsson GC79 PC card, which is a tri-band, combination GPRS and Wi-Fi card that lets customers use laptop computers to access the Internet and corporate networks via T-Mobile's national wireless data network and T-Mobile HotSpots in the United States and internationally.

As CTIA notes, customers have easy access to information about the myriad of wireless providers and services through company websites and other consumer-oriented sources.⁸ T-Mobile's website, <http://www.t-mobile.com>, is designed to provide consumers with quick, easy access to the information they need about the wide variety of T-Mobile's phones, service plans, packages, and its coverage areas. In particular, the recently-introduced Personal Coverage Check feature on T-Mobile's website provides consumers with detailed coverage information,

⁸ See CTIA Comments at 18.

updated weekly.⁹ T-Mobile's goal in this competitive space is to provide residential and business customers with the information they need to choose T-Mobile as their wireless service provider.

T-Mobile is competing successfully as customers exercise their choices among wireless providers. T-Mobile is proud to have earned "highest ranking" status in multiple 2004 awards by J.D. Power and Associates, Inc., including Overall Customer Satisfaction with Wireless Retail Service, Wireless Customer Care Performance, and Wireless Retail Sales Satisfaction.¹⁰

T-Mobile's experience in the wireless marketplace supports CTIA's analysis, and the Commission's conclusion in October 2004, that the U.S. wireless marketplace is dynamically competitive.¹¹

B. T-Mobile Is Committed To Competing In The Wireless Marketplace Under The Commission's Market-Oriented Policies.

T-Mobile looks forward to participating in the competitive U.S. wireless marketplace as it continues to evolve and grow. T-Mobile occupies a unique place in the wireless space as a successful independent national provider, unaffiliated with a wireline local exchange carrier, and the leading U.S. operator of a ubiquitous GPRS/GSM network. T-Mobile believes that the current competitive marketplace benefits consumers while providing T-Mobile and other carriers with the opportunity to succeed. T-Mobile strongly supports the Commission's steadfast

⁹ See Sascha Segan, *T-Mobile Personal Coverage Check Gets "A" for Honesty*, PC Magazine (Mar. 9, 2005), available at <http://www.pcmag.com/article2/0,1759,1774482,00.asp>.

¹⁰ See T-Mobile Website, J.D. Power and Associates 2004 Studies, available at <http://www.t-mobile.com/company/2004awards/default.asp>. J.D. Power and Associates, Inc. is an established expert in objective third-party reviews of products and services.

¹¹ See *Applications of AT&T Wireless Services, Inc., and Cingular Wireless Corporation for Consent to Transfer Control of Licenses and Authorizations*, 19 FCC Rcd 21522, 21552 ¶ 57 (2004).

commitment to competitive principles for wireless carriers and consumers and urges the Commission not to waver from its pro-competitive wireless policies.

While the wireless marketplace is strong, T-Mobile and some other carriers have a continuing need for more spectrum to grow and develop new service offerings. T-Mobile views the planned auction of licenses for Advanced Wireless Services (“AWS”) – the “3G auction” – as an important pro-competitive action that the Commission should commence as quickly as possible.¹² In support of this effort, on March 11, 2005, T-Mobile and the Rural Telecommunications Group, Inc. (“RTG”) submitted a joint proposal for revising the AWS band plan in the 1710-1755 and 2110-2155 MHz bands, to better promote competition in all areas of the country, including rural and underserved areas.¹³ The Commission should take all steps needed to make more spectrum available to maintain a strong, competitive outlook for the future.

T-Mobile also agrees with CTIA that the Commission should rapidly reform the U.S. intercarrier compensation system to eliminate implicit subsidies that unjustifiably flow from wireless carriers to ILECs.¹⁴ While such reform is underway, the Commission should grant the long-pending petition of Sprint Corporation asking the Commission to declare that wireless carriers may designate separate routing and rating points for the exchange of local traffic.¹⁵ Granting this petition would enable wireless carriers to offer local telephone numbers and local

¹² See FCC News Release, *FCC To Commence Spectrum Auction That Will Provide American Consumers New Wireless Broadband Services* (Dec. 29, 2004).

¹³ See Letter from Thomas J. Sugrue, Vice Pres. of Gov’t Affairs, T-Mobile, and Caressa D. Bennet, Gen. Counsel, RTG, to Marlene H. Dortch, Secretary, FCC, WT Docket No. 02-353 (Mar. 11, 2005).

¹⁴ See CTIA Comments at 16.

¹⁵ See *id.*, citing Sprint Corp. Petition For Declaratory Ruling Regarding the Routing and Rating of Traffic by ILECs, CC Docket No. 01-92 (May 9, 2002).

calling in many rural markets, further enhancing the benefits of wireless competition for consumers in these areas.

II. AS THE INITIAL COMMENTS SHOW, SOME RURAL PROVIDERS SEEK TO LIMIT WIRELESS COMPETITION, NOT INCREASE IT.

A. Rural Consumers Are Benefiting From Wireless Competition.

T-Mobile and other wireless providers have demonstrated in recent Commission proceedings that there is significant wireless competition in rural areas.¹⁶ The National Telecommunications Cooperative Association (“NTCA”), an association of rural incumbent local exchange carriers (“ILECs”), provided evidence of such competition by filing in this proceeding the NTCA 2004 Wireless Survey Report.¹⁷ The number-one concern of NTCA members in that survey is competition from national carriers.¹⁸ If anything, this demonstrates that the Commission is achieving its goal of increasing competition in rural areas. Small rural wireless carriers filing in this proceeding provide consistent anecdotal evidence of such competition. For example, Great Lakes of Iowa, Inc. (“Great Lakes”) competes with US Cellular, Midwest Wireless, and Verizon Wireless in rural Iowa.¹⁹ Similarly, Mid-Tex Cellular, Ltd. (“Mid-Tex”) competes with Dobson Cellular, Verizon, Sprint PCS, and T-Mobile in rural Texas.²⁰

¹⁶ See, e.g., T-Mobile Comments, WT Docket Nos. 02-381, 01-14, 03-202, at 5-6 (Jan. 14, 2005); Dobson Communications Corp. Comments, WT Docket Nos. 02-381, 01-14, 03-202, at 6-8 (Jan. 14, 2005); CTIA Comments, WT Docket Nos. 02-381, 01-14, 03-202, at 7-10 (Jan. 14, 2005).

¹⁷ See NCTA, *NTCA 2004 Wireless Survey Report* (Feb. 14, 2005) (attached to comments of NTCA).

¹⁸ See *id.* at 10.

¹⁹ See Great Lakes Comments at 2.

²⁰ See Mid-Tex Comments at 2. See also Leaco Comments at 2 (competing with Western Wireless, Sprint PCS, and Nextel in rural New Mexico); Arctic Slope Comments at 2 (competing with Alaska Communications Systems Inc. in northern Alaska, and stating that it has been informed that Dobson

Rural consumers receive the same types of benefits as other Americans from such competition. Competition provides rural consumers with better coverage, access to state-of-the-art technology, and lower rates. As CTIA notes, large and small wireless providers, including multi-system/multi-market operators, are committed to offering innovative, competitive services in rural and urban areas across the United States and are doing so now.²¹ These innovative wireless services help stimulate economic growth and increased productivity in rural areas that benefit consumers.²²

B. The Policy Changes Proposed By Some Rural Carriers Would Interfere With Competition And Its Benefits To Consumers.

Some rural carriers seek to use this proceeding as a platform to gain regulatory protection from the competition that they face. The Commission should not retreat from its market-based spectrum and wireless policies, which are benefiting consumers in rural as well as urban areas. Rather, the Commission should maintain and extend these pro-competitive policies.

1. The Commission Should Retain Its Current Licensing Rules.

In particular, the Commission should retain its current market-based licensing rules. A “keep-what-you-use” licensing scheme, advocated by NTCA and some rural carriers,²³ would be anti-competitive and inefficient. As T-Mobile has demonstrated, such a scheme would force

Cellular and its reseller, GCI, intend to provide competitive service in part of its service area); Public Service Communications at 2 (“PSComm”) (competitive marketplace in middle Georgia).

²¹ See CTIA Comments at 12-15.

²² See *id.* at 12.

²³ See, e.g., NTCA Comments at 3; Leaco Comments at 7.

uneconomic construction in rural areas, devalue rural licenses, and make it very difficult for licensees to attract investment for rural build-out.²⁴

Further regulatory intervention is not needed to enable wireless carriers to find competitive solutions for serving rural America. The Commission's partitioning, disaggregation, and leasing rules have had a direct and positive impact on wireless deployment in rural areas. T-Mobile recently submitted an affidavit to the Commission that describes in detail T-Mobile's extensive activities in negotiating and completing secondary market transactions with rural carriers since the Commission's current rules enabling spectrum leasing went into effect on January 24, 2004.²⁵ The Commission should keep these rules in place and give them time to operate even more successfully.

2. The Commission Should Not Intervene In Roaming Negotiations.

The Commission would harm consumers by intervening in roaming negotiations as some rural carriers request.²⁶ NTCA and others discuss rural carriers' interests in preserving their roaming revenues,²⁷ an issue of no benefit to consumers that the Commission should leave to the competitive wireless marketplace. T-Mobile submits that, in its experience, roaming negotiations reflect the robustly competitive marketplace in which wireless carriers operate. Carriers, rural and national alike, bargain rigorously because of the pressures of wireless

²⁴ See, e.g., T-Mobile Reply Comments, WT Docket Nos. 02-381, 01-14, 03-202, at 7-13 (Feb. 14, 2005) ("T-Mobile February 14 Reply Comments").

²⁵ See Affidavit of Heather Pelham (attached to T-Mobile February 14 Reply Comments).

²⁶ See, e.g., NTCA Comments at 4-5.

²⁷ See *id.*; see also PSComm Comments at 7-8; Mid-Tex Comments at 3.

competition, and, as T-Mobile has stated previously, T-Mobile deals with all of its roaming partners as “true competitors.”²⁸

Moreover, T-Mobile’s opportunities to enter into roaming agreements with some rural carriers have been limited by incompatible networks. Because many rural carriers have not deployed GSM technology or operate outside the 1900 MHz band where T-Mobile operates, they cannot offer roaming services to T-Mobile. As the number of rural carriers with networks compatible to T-Mobile increases, T-Mobile will consider additional roaming agreements based on rates, coverage needs, and network quality.²⁹

III. CONCLUSION.

The record in response to the Notice shows that the wireless marketplace is vibrantly competitive. The Commission should so find in its upcoming Tenth CMRS Competition Report.

Respectfully submitted,

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²⁸ See Letter from Thomas J. Sugrue, Vice Pres. of Gov’t Affairs, T-Mobile, to Marlene H. Dortch, Secretary, FCC, WT Docket No. 04-70 (Oct. 1, 2004) (showing that certain PSComm claims regarding T-Mobile’s roaming activities were procedurally defective and factually baseless).

²⁹ See *id.* at 2.